90465-1A

ARIZONA LABOR MARKET INFORMATION

NEWSLETTER

Vol. XV No. 3
March 1991

Unemployment Rate

Seasonally Adjusted
January*

ARIZONA	–	5.4%
Maricopa Co.	–	4.5
Pima Co.	–	3.9
United States	–	6.2

Consumer Price Index

U.S. – January 1991
Base = 1982-84

Wage Earner/Clerical Worker	–	132.8
% Chg. Year Ago	–	5.5
All Urban	–	134.6
% Chg. Year Ago	–	5.7

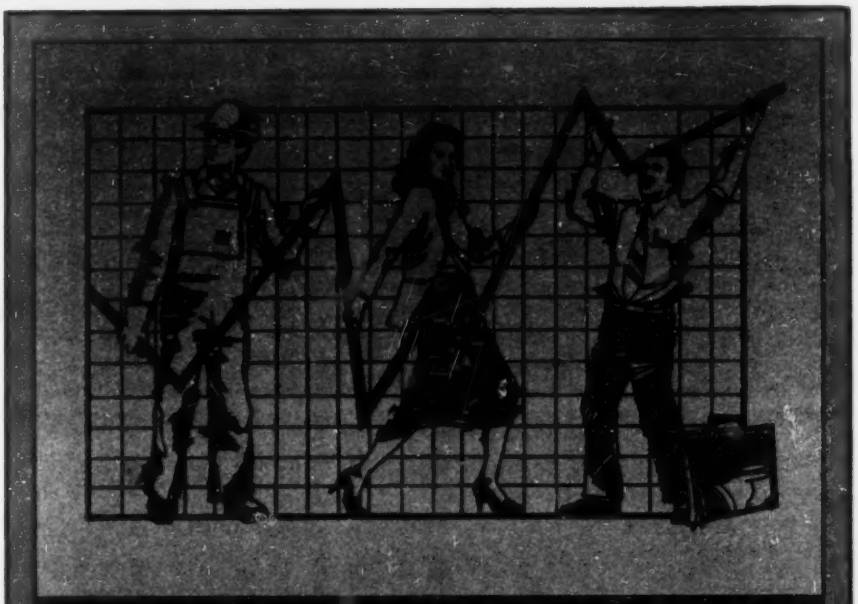
Phoenix – 4th Qtr 1990
Base = 1982-84

All Urban	–	135.3
% Chg. Year Ago	–	5.9

Tucson – 4th Qtr 1990
Base = 1982-84

All Urban	–	133.8
% Chg. Year Ago	–	3.9

* Preliminary



Arizona Forecast

'91-'92

Research Administration Issues
Two-Year Employment Projections

Inside This Issue

	Page
Middle East Tension Made Indicators Less Optimistic	2
State to Remain Sluggish in '91, Pick Up in '92	3
Maricopa County Should Continue Slow-Growth Mode	5
Pima County Expected to Improve Slightly	7
Rural Counties Forecast to Outperform Metro Areas	9
Arizona Labor Force in January	11
Arizona Labor Force Statistics	12
Substate Census Totals Are Worth a Look	18
News in Brief	19
BLS Reports	20
New Developments	21

Arizona Department of Economic Security
— Moving People Toward Self-Sufficiency

MidEast Tension Made Indicators Less Optimistic

One venerable axiom of forecasting states: Forecasting is very difficult — especially when it involves the future. Another concludes: Never, ever forecast — but if you must, forecast often. In forecasting Arizona's employment levels, the above maxims are held dear, especially in turbulent times as these.

The Department of Economic Security, Research Administration (RA), each year projects labor force and wage and salary employment levels for Arizona and its three major substate regions — Maricopa, Pima, and the non-metropolitan counties. The projections, along with analysis, are published in the March issue of the *Arizona Labor Market Information Newsletter*. Six months later, the forecasts are updated to reflect new economic variables, then detailed in the September issue of the newsletter.

RA's forecast is based upon assumptions made about the future course of events and how they relate to the nation's economy. As an example, RA's mid-year forecast last summer could not have factored in the run-up in oil prices — due to Iraq's invasion of Kuwait — which contributed to the first recession in nearly a decade. Prior to the invasion, the assumption was that a general slowdown of the nation's economy was on the horizon. These events — invasion, war, and uncertainty — have led to less optimism in the current projections.

The future course of the nation's economy, as seen through the eyes of the WEFA Group (Wharton Econometric Forecasting Associates), is instrumental in developing RA's economic forecast. WEFA's forecast of national economic variables and their underlying assumptions are major components of the Arizona Employment Forecasting Model.

WEFA's baseline forecast for the nation's economy is that the recession that began late in the summer of 1990 will be over this summer. There are a number of key variables that led them to this conclusion:

- (1) Operation Desert Storm will add significantly to final demand for several more quarters, regardless of the length of the conflict. (2) The outbreak of war with Iraq jolted oil markets worldwide and resulted in the largest, single-day price movement (downward). Lower oil prices will increase consumer purchasing power, lower inflation, and help restore consumer confidence. (3) Because firms liquidated inventories in the fourth quarter of 1990, it is unlikely that any further liquidation will be possible. As a result, the restoration of inventories in the coming quarters will add substantially to real Gross National Product (GNP) growth. (4) Real exports were up while real imports were down in the fourth quarter of 1990. More modest improvements are expected in the next several years, which will help reduce the nation's trade deficit. (5) Tight credit conditions that prevailed in prior quarters will diminish over the forecast horizon.

- Real GNP, after a lackluster showing in 1990 of 0.9 percent annualized growth, will expand at a rate of 1.8 percent in 1991 and 2.9 percent in 1992. Growth in both the fourth quarter of 1990 and the first quarter of 1991 are negative, signaling that a mild recession had occurred.

- The price of oil, as reflected by the Refiners Acquisition Cost, is expected to hover around the average for 1990 of $22.71 per barrel in the coming years. The price is forecast to average $21.88 per barrel in 1991 and $22.38 per barrel in 1992.

- Consumer expenditures, which account for about two-thirds of the nation's economic activity, is expected to remain weak in 1991. After increasing a paltry 1.0 percent in 1990, consumer expenditures are forecast to increase 0.7 percent in 1990, but then improve substantially in 1992 by advancing 2.6 percent.

- The rate of inflation, as measured by the U.S. Consumer Price Index (CPI), is expected to decrease substantially from the 5.4 percent increase experienced in 1990. CPI is forecast to average 3.9 percent in 1991 and 3.7 percent in 1992.

- The rates of interest charged and earned on a national level are expected to decline across the board in 1991 over the levels that prevailed in 1990, but then pick up some in 1992. The Federal Funds Rate will drop from 8.10 percent in 1990 to 6.95 percent in 1991 and then increase to 7.85 percent in 1992. Similarly, the prime commercial-bank lending rate will fall from 10.01 percent in 1990 to 9.79 percent in 1991 and climb to 10.37 percent in 1992.

- And finally, the real value of the dollar, as measured by the Morgan Guaranty 40-Country Index, slid 4.8 percent in 1990. A continuation of this trend is expected in 1991 with the dollar forecast to drop a further 4.9 percent. However, in 1991, the decline will not be as pronounced (0.6 percent).

—Marc A. Marra
RA Economist

Key Variables

- **Consumer Spending**
- **Dollar**
- **Gross National Product**
- **Inflation**
- **Interest Rates**
- **Oil Prices**

State's Economy to Stay Sluggish in '91, Pick Up in '92

Prior to August 1990, all economic signals for Arizona implied smooth sailing ahead. Although there was concern about the nation's economy and sectorial problems within the state, Arizona was on a track of accelerating growth.

Yet, with the future looking so good, events in the Persian Gulf brought quick change to that outlook. Iraq's invasion of Kuwait produced an oil shock that led to both higher inflation and lower gross national product growth. Then, after precedent-setting diplomacy, war erupted and the peace dividends — once hailed as the savior of America's budget-deficit problems — were slashed. To further complicate matters, Arizona is currently wrestling with political problems of a public image-damaging nature.

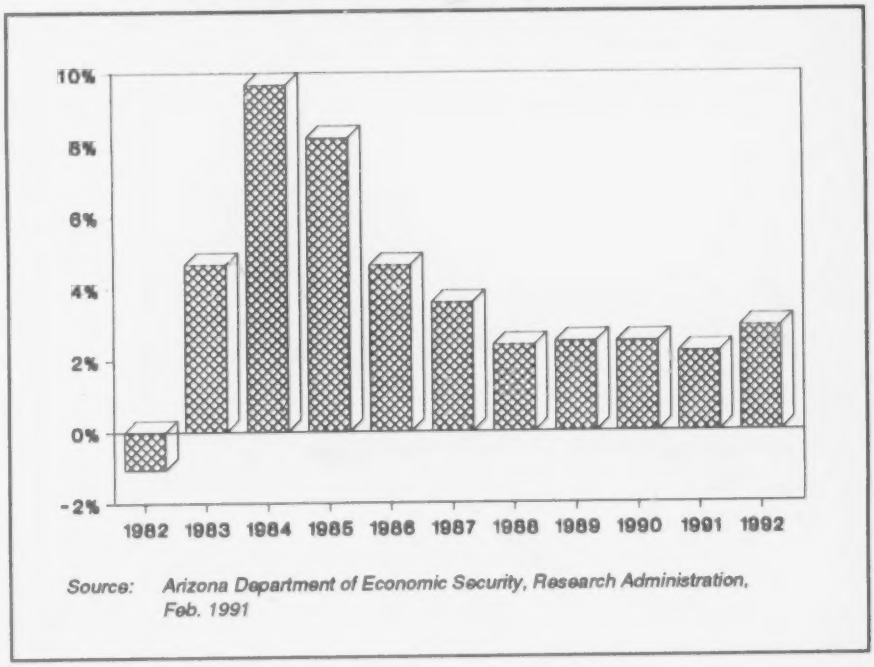
Despite all the "bad press" and a national recession looming overhead, Arizona is expected to continue to create jobs in 1991 and 1992, although the rate of growth this year should be the lowest since the recession of 1982. After advancing 2.5 percent (36,400 jobs) in 1990, total wage and salary employment growth is forecast to bottom out at 2.2 percent (33,000 jobs) in 1991, then pick up steam in 1992, growing 2.9 percent (44,700 jobs).

Rural Counties Show Strength

Maricopa County, which accounts for two-thirds of Arizona's wage and salary positions, is forecast to grow at about the same rate as the state. Pima County is expected to experience slower growth than the state while the non-metropolitan counties (all counties except Pima and Maricopa) as a group should grow at a faster rate than the state. And for the first time since the last recession, the non-metropolitan counties' share of wage and salary employment should exceed that for Pima County.

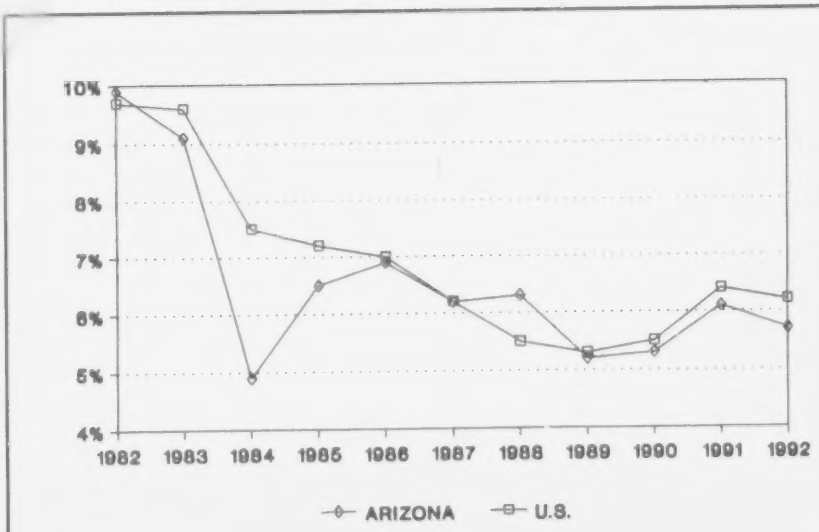
Due to the effects of a mild national recession, the forecast for 1991 calls for general

Figure 1. Arizona Wage and Salary Employment Growth Rates, Actual (1982-1990) and Projected (1991-92)



Source: Arizona Department of Economic Security, Research Administration, Feb. 1991

Figure 2. Arizona vs. U.S. Unemployment Rates, Actual (1982-1990) and Projected (1991-92)



Source: Arizona Department of Economic Security, Research Administration, Feb. 1991; Wharton Econometric Forecasting Associates, Dec. 1990

weakness in all of Arizona's industries. However, construction; manufacturing; and transportation, communications, and public utilities (TCPU) are expected to bear the brunt of the slowdown. As the nation's economy picks up speed in 1992, so should Arizona's, but construction and manufacturing should still be below their long-run, employment-growth averages.

The service industry, which accounts for more than one-quarter of Arizona's wage and salary positions, continues to be a stellar performer in terms of job creation and the rate of growth. Business services and health services led the way in 1990 and helped create 17,900 new jobs while growing 4.6 percent. Services should not be immune from a slower national economy but is expected to expand a respectable 3.7 percent in 1991, creating 15,100 new jobs. Growth should pick up in 1992, averaging 4.1 percent with the addition of 17,300 jobs.

Trade Tapered Off in '90

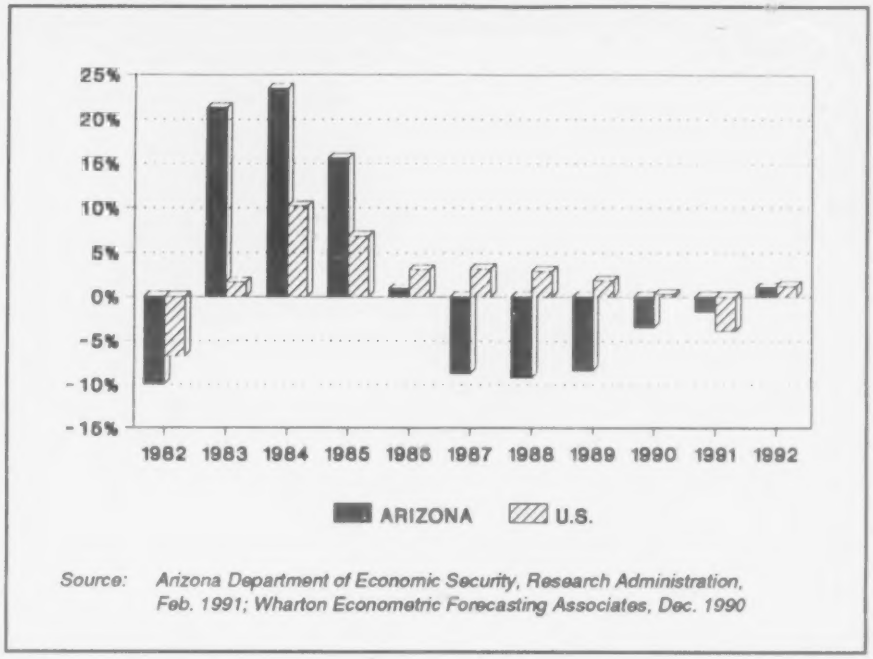
Trade began to exhibit signs of weakness in 1990 after seven "lucky" years of strong growth. Trade grew a scant 1.6 percent in 1990, adding only 5,900 jobs. The fallout in food stores hit both grocery and convenience stores, but growth was still positive. Automotive and service stations actually contracted as did the catchall sector of "other retail."

Despite 1990's poor performance, trade is forecast to add 8,000 new jobs with growth of 2.2 percent in 1991. Growth in 1992 should be even better, with trade expected to expand 2.9 percent (11,000 positions). Expectations of restored consumer confidence, a rebound in tourist activity, continued strength in new-business openings, and the lack of further declines in major subindustries all contribute to trade's outlook.

Government employment experienced strong growth in 1990, adding 11,200 jobs (4.5 percent growth). Particularly strong were the federal and school sectors. The forecast calls for slower growth in the near future as the state, county, and local gov-

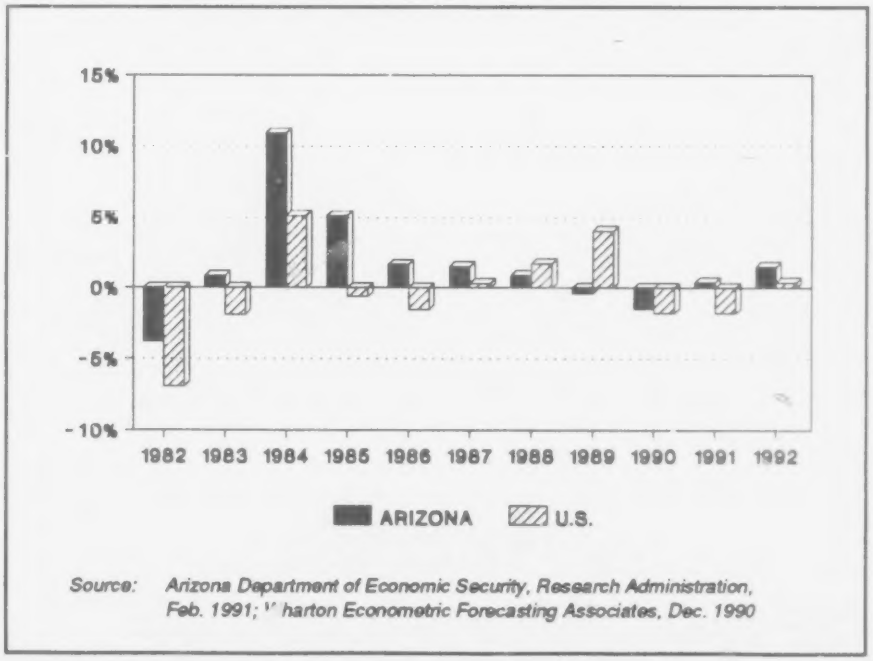
(Continued on page 17)

Figure 3. Arizona vs. U.S. Construction Employment Growth Rates, Actual (1982-1990) and Projected (1991-92)



Source: Arizona Department of Economic Security, Research Administration, Feb. 1991; Wharton Econometric Forecasting Associates, Dec. 1990

Figure 4. Arizona vs. U.S. Manufacturing Employment Growth Rates, Actual (1982-1990) and Projected (1991-92)



Source: Arizona Department of Economic Security, Research Administration, Feb. 1991; Wharton Econometric Forecasting Associates, Dec. 1990

Maricopa County's Theme is Slow But Steady Growth

As years go, 1990 was so-so for the Phoenix metropolitan area. Although the annual-average unemployment rate, at 4.3 percent, was among the lowest since 1984, total employment and labor force growth slowed to 1.3 percent. Unemployment grew a little faster (2.2 percent), raising annual-average unemployment to 46,400, up about 1,000 over 1989.

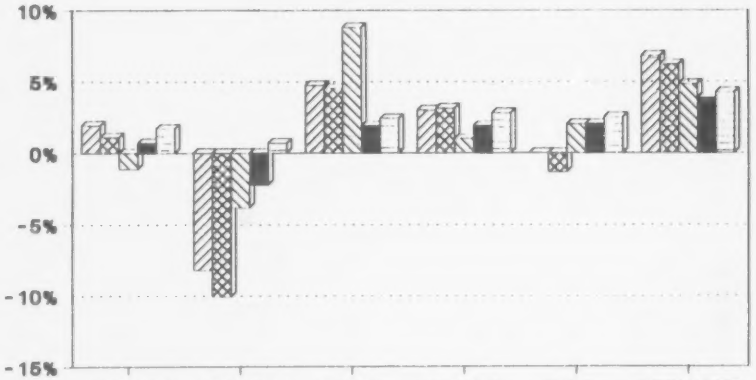
The Phoenix area's non-farm payroll job growth was similarly slow, equaling 1989's ho-hum 2.5 percent increase (24,000 jobs). Although metro Phoenix outperformed metro Tucson (1.5 percent growth) in 1990, both urban areas were beat by the rural counties, which as a group had job growth of 3.5 percent.

Metro Phoenix had 985,600 non-farm payroll jobs in 1990. By sector, the largest number (275,900, or 28.0 percent) were in services. Services' growth, however, slowed to 4.8 percent, its lowest rate since the last recession year of 1982. Nevertheless, its 12,700 additional jobs accounted for more than half of job growth in the Phoenix area.

Despite slow job growth overall, transportation, communications, and public utilities (TCPU) grew at the spectacular rate of 8.8 percent in 1990. While that meant the addition of only 4,800 jobs, TCPU's growth rate was exceeded only in 1987 (11.6 percent) during the past decade and it was the highest among all major industry groups last year.

The transportation sector was primarily responsible for TCPU's high growth rate. Phoenix-based airlines had an especially good year on an annual-average basis, although most of that growth was in the first half of the year. Communications and public utilities grew at about one-third the rate of transportation, and by the end of the year public utilities were announcing impending layoffs.

Figure 1. Maricopa County Employment Growth Rates, In Selected Industries, Actual (1988-1990) and Projected (1991-92)



Source: Arizona Department of Economic Security, Research Administration, Feb. 1991

Government had the second-fastest growth rate at 5.1 percent, adding 6,500 jobs. The growth rate was atypically high because of the 1990 Census. A fair share of those jobs were temporary.

Second only to services in absolute size, trade employed 248,200 and provided about one-out-of-four, Phoenix-area jobs, but only one-out-of-10 new jobs in 1990. Trade's growth rate was its lowest since 1982, but was still positive. Trade posted a 1.0 percent gain, adding 2,500 jobs.

Restaurants and Bars Had Solid Year

Among the retail trade sector, restaurants and bars had the strongest growth while automotive dealers and food stores actually lost employment over the year. Uncertainty resulting from the national recession and Middle East war slowed sales of big-ticket items, like cars, during the last quarter of 1990. Food stores suffered attrition from an over-competitive market.

Speaking of attrition, despite U.S. Resolution Trust Corp. (RTC) control of nearly all Phoenix-area savings and loan organizations in 1990, the finance, insurance, and real estate (FIRE) industry grew 2.0 percent, adding 1,500 jobs. The finance and insurance component grew 2.8 percent while real estate grew only 1.3 percent. Finance's growth rate was the lowest since 1982, except for the disastrous 26.8 percent decline in 1988 — when the savings and loan industry collapsed — and the residual decline in 1989 of 0.8 percent. (See *Arizona Labor Market Information Newsletter*, December 1990)

Finally, 1990 marked the fifth consecutive year of construction employment losses, the perennial reason for weak job growth in the Phoenix area. To be sure, the 3.9 percent rate of decline was lower than in any of the three preceding years, but losses still amounted to 1,200 jobs. Neither mega-project freeway construction nor belated efforts by the Federal Reserve to lower interest rates could pull off a turn in

the industry. Vacancy rates in office, industrial, retail, and multi-family properties remained high (though lower than in 1989), a legacy of the building binge of the early 1980s.

The surprise of the year was that manufacturing, too, lost employment. The industry declined 1.1 percent, losing 1,600 jobs. This was the first decline in manufacturing since the last national recession, although growth has been weak, fluctuating between 2.4 percent and 1.1 percent in each of the last three years. Manufacturing of construction-related products took the biggest hits. High-tech manufacturing, on the other hand, actually grew 0.9 percent, adding 600 jobs.

More Slow Growth Ahead

The outlook for the next two years is essentially more of the same slow growth with slightly higher unemployment rates. Because the national recession is expected to be short — probably no more than nine months — little additional effect should be felt locally.

Labor force growth should remain low in 1991 — about 1.0 percent. Most of that growth will be additions to the unemployed — about another 7,000 on an annual-average basis. The unemployment rate is expected to rise to 4.9 percent with 53,300 unemployed, up from 1990's 4.3 percent and 46,400 unemployed.

By 1992, a national recovery is forecast to be sufficiently under way to cause the labor force to grow 2.0 percent, while total employed is expected to jump 24,100 on top of 4,300 added in 1991. Unemployment is exepected to drop about 2,400 with a corresponding drop in the unemployment rate to 4.6 percent.

Despite a slower growth rate than in 1990, Maricopa County should reach a major milestone in 1991 — more than 1 million payroll jobs. DES, Research Administration, forecasts 1991 job growth to idle down to 2.1 percent with only 21,100 jobs added. Annual-average, non-farm payroll employment is expected to total 1,006,700. A modest improvement in 1992 should raise job growth to 2.9 percent (28,900 jobs).

Table 1. Maricopa County Labor Force and Employment Data, Actual (1990) and Projected (1991-92) (Annual Averages, In Thousands)

	1990	Growth Rate	1991	Growth Rate	1992	Growth Rate
Labor Force	1,074.5	1.3%	1,085.7	1.0%	1,107.4	2.0%
Unemployment	46.4	2.2%	53.3	14.9%	50.9	-4.5%
Unemployment rate	4.3%		4.9%		4.6%	
Total Employment	1,028.1	1.3%	1,032.4	0.4%	1,056.5	2.3%
Total Wage and Salary Employment	985.6	2.5%	1,006.7	2.1%	1,035.6	2.9%
Manufacturing	138.2	-1.1%	139.1	0.7%	141.5	1.7%
Mining	0.8	0.0%	0.8	0.0%	0.8	0.0%
Construction	55.5	-3.8%	54.3	-2.2%	54.7	0.7%
TCPU*	58.4	8.8%	59.5	1.9%	60.9	2.4%
Trade	248.2	1.0%	253.0	1.9%	260.0	2.8%
FIRE**	75.4	2.0%	76.9	2.0%	78.8	2.5%
Services	275.9	4.8%	286.4	3.8%	298.4	4.2%
Government	133.3	5.1%	136.7	2.6%	140.4	2.7%

* TCPU = Transportation, Communications, and Public Utilities.
** FIRE = Finance, Insurance, and Real Estate.

NOTE: Totals may not add due to rounding.

Source: Arizona Department of Economic Security, Research Administration, Feb. 1991

Although the Phoenix-area labor market will benefit in time from reduced interest rates, on an annual-average basis Phoenix will probably see yet another year of declining construction employment. The rate of decline should moderate to 2.2 percent (1,200 jobs), bringing annual-average construction employment to 54,300 jobs.

This should indeed be the bottom of the construction slide. By 1992, assuming the Federal Reserve keeps interest rates low, local banks pass the savings on, and vacancies are adequately absorbed, construction is expected to see a modest upturn. Construction employment is forecast to grow 0.7 percent (400 jobs) in 1992.

Manufacturing employment, too, will remain stagnant in 1991, although growth will probably at least be positive. Manufacturing is forecast to grow 0.7 percent (900 jobs), bringing factory employment to 139,100. A modestly improved growth rate of 1.7 percent (2,400 jobs) is expected for 1992.

TCPU, Maricopa County's star performer of 1990, is not expected to match the growth rate of total payroll jobs in 1991. Transportation carried the industry group to a soaring 8.8 percent growth rate in 1990, but cannot be expected to float its own load in 1991.

Phoenix-based airlines were the major engine behind the rapid growth and by the end of 1990 were already experiencing financial problems. Fuel prices escalated after Iraq invaded Kuwait in August, doubling airline operating costs. While fuel prices are once again falling with the promise of continuing supply from other sources, they have not returned to pre-invasion levels. RA forecasts TCPU will grow only 1.9 percent in 1991, adding

(Continued on page 8)

Pima County Expected to See Slight Improvement

Pima County showed stronger non-farm wage and salary job growth in 1990 (1.5 percent, or 3,800 jobs) than in 1989 (0.3 percent, or 700 jobs). The increase occurred despite the trouble in the Middle East eroding consumer confidence and a national recession looming on the horizon.

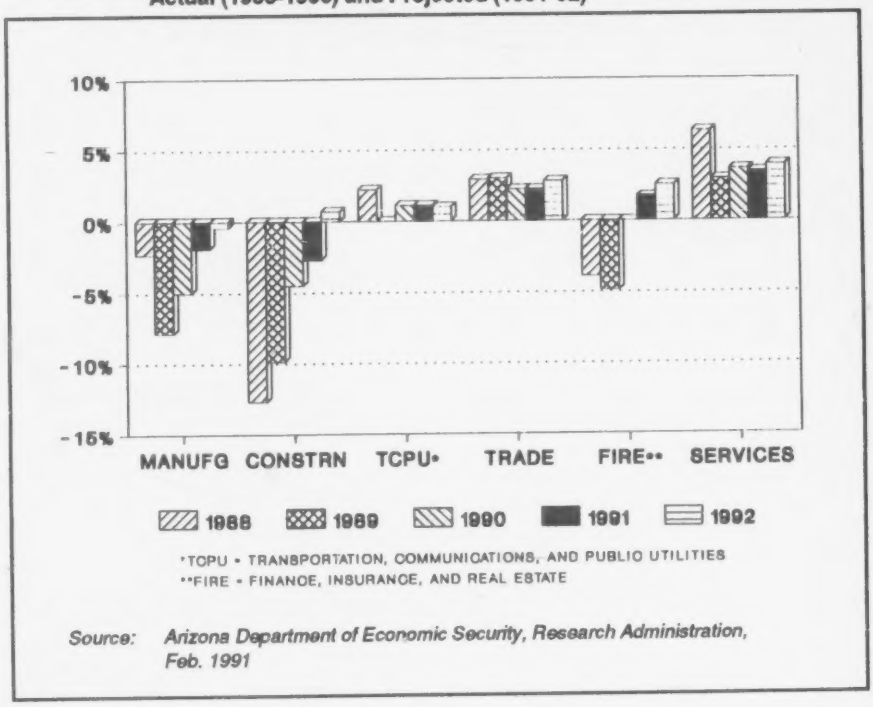
The bulk of the job growth occurred in trade, services, and government, which had a combined gain of 5,700 jobs. The gains in these three industries helped to offset 2,100 jobs lost in manufacturing and construction. The losses in manufacturing and construction closely mirrored those occurring in Maricopa County (see "Maricopa County's Theme ... ," p. 5).

Although Pima County's economy continued to grow in 1990, its growth lagged behind Maricopa County and the non-metropolitan counties as a whole, which posted growth rates of 2.5 percent and 3.5 percent, respectively. The good news, however, is Pima County is expected to avoid falling into a recession during the forecast period, although the trend of slow growth will likely continue. Pima County is projected to grow 1.8 percent in 1991 and 2.6 percent in 1992.

Pima County will also enjoy lower unemployment rates than in Maricopa County. On an annual-average basis, Pima County's unemployment rate in 1990 was 4.1 percent, or two-tenths of a percent lower than in Maricopa County. If the national economy does not deteriorate further, the forecast calls for the rate to climb to 4.6 percent in 1991, before falling back to 4.2 percent in 1992.

Pima County manufacturing employment declined 5.0 percent (1,400 jobs) in 1990 on an annual-average basis. Losses are expected to moderate over the next two years, however, with a decline of 1.9 percent in 1991 and a modest loss of 0.4 percent in 1992. Expansion by several new companies in Pima County — Lockheed Aeromod, Weiser Lock, HE Microwave, and Sargent Controls — should contribute to manufacturing's improvement.

Figure 1. Pima County Employment Growth Rates, In Selected Industries, Actual (1988-1990) and Projected (1991-92)



Source: Arizona Department of Economic Security, Research Administration, Feb. 1991

Durable-goods manufacturing is expected to lose 600 jobs in 1991 and another 200 jobs in 1992. Non-durable goods manufacturing is expected to add 100 jobs in both the 1991 and 1992 forecast years.

Construction Not Out of Woods

Construction employment declined 4.5 percent (700 jobs) in 1990, an improvement on a 9.9 percent drop in 1989. Construction is expected to post a loss of 2.7 percent in 1991 before showing a gain of 0.7 percent in 1992. The majority of the job losses should be in general and heavy construction with growth in special-trades employment offsetting some of these declines. Although construction, like manufacturing, is still showing job losses, the magnitude of these losses has slowed, and the bottom should be in sight for both industries, if the national recession does not deepen.

Services, which accounts for 29.1 percent of all non-farm wage and salary jobs in Pima County, will be the big winner during the forecast period. After posting a gain of 2,600 jobs in 1990, services is forecast to add 2,500 positions in 1991 with growth in business services and health services of 4.7 percent and 4.1 percent, respectively. In 1992, 3,000 additional jobs are projected for services, continuing a trend of growth between 3.0 percent and 4.0 percent (inclusive). Contributing to services' gains will be the opening in Tucson of an America Airlines reservation center, United Airlines frequent-flyer service center, and the national headquarters of the Muscular Dystrophy Association.

Besides services, trade and government are the only other industries in Pima County to show substantial employment gains in 1990. Trade added 1,300 positions, while government increased by 1,800.

Growth in the government sector should slow somewhat during the forecast period with 1,300 new jobs expected in 1991 and 100 more than that in 1992. Trade's outlook is similar. An additional 1,300 jobs are expected in 1991, with its subindustries of retail trade and wholesale trade adding 1,100 and 200 positions, respectively. Trade is expected to improve slightly in 1992 with employment gains of 1,700.

Three major industry groups — mining; transportation, communications, and public utilities (TCPU); and finance, insurance, and real estate (FIRE) — held steady or showed only slight gains in 1990.

In the forecast period, mining employment is expected to again hold steady in 1991 before adding an additional 100 positions in 1992, while TCPU will likely grow by 100 in both years. Growth in TCPU should be concentrated in the transportation and communications sector with public utilities holding steady.

FIRE is expected to show the most improvement of these three major industry groups, gaining 200 jobs in 1991 and 300 in 1992. FIRE's insurance and real estate sectors are expected to show improvement, while the finance sector is not likely to grow during the forecast period.

Table 1. Pima County Labor Force and Employment Data, Actual (1990) and Projected (1991-92) (Annual Averages, In Thousands)

	1990	Growth Rate	1991	Growth Rate	1992	Growth Rate
Labor Force	313.7	-0.7%	323.9	3.3%	330.7	2.1%
Unemployment	12.9	-8.5%	15.0	16.3%	14.0	-6.7%
Unemployment rate	4.1%		4.6%		4.2%	
Total Employment	300.8	-0.4%	309.0	2.7%	316.7	2.5%
Total Wage and Salary Employment	253.9	1.5%	258.5	1.8%	265.1	2.6%
Manufacturing	26.5	-5.0%	26.0	-1.9%	25.9	-0.4%
Mining	2.2	4.8%	2.2	0.0%	2.3	4.5%
Construction	14.8	-4.5%	14.4	-2.7%	14.5	0.7%
TCPU*	9.5	1.1%	9.6	1.1%	9.7	1.0%
Trade	60.2	2.2%	61.5	2.2%	63.2	2.8%
FIRE**	11.7	0.0%	11.9	1.7%	12.2	2.5%
Services	74.0	3.6%	76.5	3.4%	79.5	3.9%
Government	55.1	3.4%	56.4	2.4%	57.8	2.5%

* TCPU = Transportation, Communications, and Public Utilities.
** FIRE = Finance, Insurance, and Real Estate.

NOTE: Totals may not add due to rounding..

Source: Arizona Department of Economic Security, Research Administration, Feb. 1991

—Dennis Doby
RA Economist

Maricopa

(Continued from page 6)
only 1,100 jobs. The 1992 growth rate will be a slightly better 2.4 percent (1,400 jobs).)

Again in 1991, one-half of the new jobs should be provided by services. Despite descending to its lowest rate of growth in more than a decade, services is projected to grow 3.8 percent (10,500 jobs). The increase in 1992 to a 4.2 percent rate of growth, still among the lowest of the decade, implies the addition of 12,000 jobs.

Trade is expected to add the next largest number of jobs. RA forecasts growth rates of 1.9 and 2.8 percent, respectively, in 1991 and 1992. That's an additional 4,800 jobs in 1991 and 7,000 jobs in 1992. Although greater than in 1990, trade's growth rates, like services', are still among the weakest since 1982.

FIRE, which for decades grew at about the rate of population growth, expanded rapidly in the early- to mid-1980s when financial institutions were deregulated, then fought in the late 1980s to hold its level as savings and loans failed en-mass. During the next two years, FIRE is expected to stabilize, growing at rates slightly under the rate for non-farm payroll employment. RA forecasts growth of 2.0 percent (1,500 jobs) in 1991 and 2.5 percent (1,900 jobs) in 1992.

In the coming two years, government is expected to return to rates below long-run, average growth. Although population growth may require employment expansion (especially in schools), budget shortfalls and citizens' resistance to increased taxation will hold government growth rates down. RA forecasts growth of 2.6 percent (3,400 jobs) in 1991 and 2.7 percent (3,700 jobs) in 1992.

In summary, the early 1990s are expected to be lackluster years for Maricopa County economic growth. Growth rates should be above national rates, but hardly more than a percentage point. As the national economy improves, Maricopa County is forecast to return to higher rates of growth consistent with its history of the past three decades and high enough to hold rank among the fastest-growing areas of the country.

—Ron Simon
RA Economic Analysis Manager

Rural Counties Should Outperform Metro Areas

Because they are less populated and away from the major media markets, Arizona's non-metropolitan counties (all counties except Maricopa and Pima) are often a forgotten part of the state's economic picture, particularly when it comes to employment growth. But that may not be true for long.

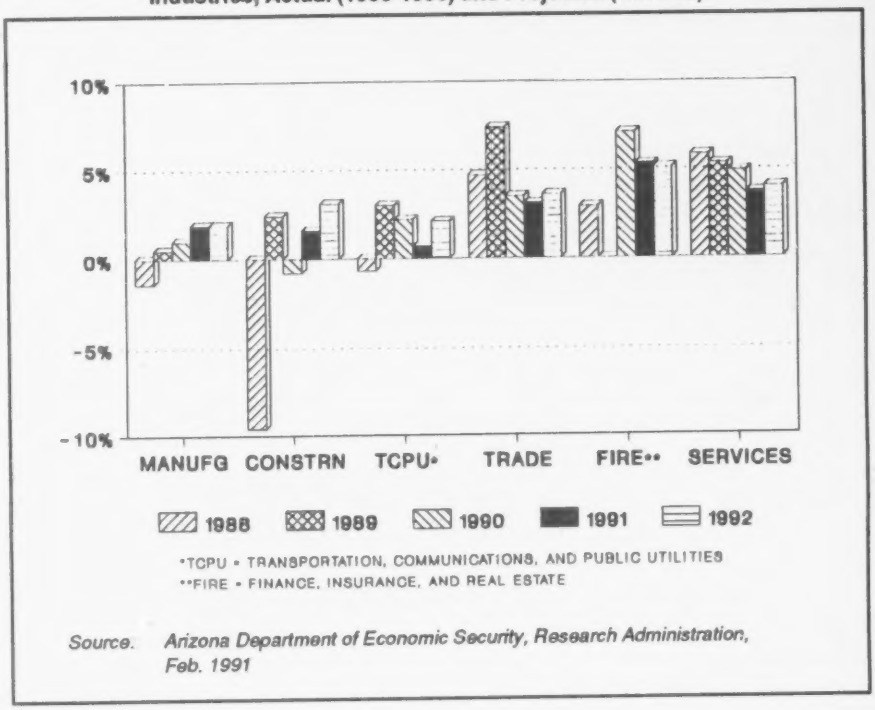
As recent history shows, the efforts of rural-area, economic-development agencies appear to be paying dividends. In fact, in four of the past five years (1988 odd year out), the non-metropolitan counties have expanded at higher rates of growth than both Maricopa County and Pima County.

In addition, over the forecast horizon the non-metropolitan counties are expected to continue to grow at a faster rate than the metropolitan areas. Further, in 1991 the non-metropolitan counties should command a slightly larger piece of Arizona's wage and salary employment pie than will Pima County. The non-metropolitan counties have enjoyed No. 2 status before, behind Maricopa County, but not since the recession of 1982.

Slower growth nationwide and in Arizona's metropolitan areas, however, is expected to adversely affect the non-metropolitan counties' growth prospects in 1991. But growth should improve in 1992 as the national economy continues to recover from the current recession. After growing 3.5 percent and creating 8,600 new jobs in 1990, the non-metropolitan counties are expected to expand in 1991 at a rate of 2.9 percent (7,400 jobs), then accelerate to 3.5 percent (9,100 positions) in 1992.

Counties that have a diverse economic base — Coconino, Yavapai, and Yuma — are expected to benefit the most over the two-year forecast period. Mohave County, which posted a booming 10.4 percent growth rate in 1990, a direct result of the explosive growth in Laughlin, Nevada's, gaming industry, will continue to prosper across nearly all major industry groups. Other counties, such as Pinal and Gila, will also do well, mainly because of their proximity to the metropolitan areas. Further, counties with tourist-related draws or high traffic flow due to interstate highways, will continue to expand.

Figure 1. Non-metropolitan Counties Employment Growth Rates, In Selected Industries, Actual (1988-1990) and Projected (1991-92)



Source. *Arizona Department of Economic Security, Research Administration, Feb. 1991*

Tourist-Related Sectors Spur Growth

The importance of three major industry groups — trade, services, and government — to the non-metropolitan counties' economy cannot be overstated. Trade and services combined account for almost 50.0 percent of all wage and salary positions in the non-metropolitan counties. A large portion of these jobs are a direct result of tourist-related activities. When government is added in, the three sectors control about three-quarters of the rural-counties' economy, compared to two-thirds of Maricopa County's economy.

Government, the largest industry group in the non-metropolitan counties, added the greatest number of jobs in 1990. Government created 2,900 positions, growing at a rate of 4.4 percent. The hiring of census workers contributed substantially to this strong year. The forecast calls for growth to slow to 3.0 percent (2,100 jobs) in 1991, then pick up to 3.5 percent (2,500 jobs) the following year.

Services grew a healthy 4.9 percent in 1990, adding 2,600 jobs. A slower national economy is expected to retard growth in 1991 to 3.7 percent (2,100 jobs). The pace will quicken in 1992 to growth of 4.0 percent (2,300 jobs).

Trade, by historical standards, had a poor year in 1990, growing 3.5 percent (2,100 jobs). The forecast for 1991 calls for much of the same with growth at 3.1 percent (1,900 jobs). Growth in 1992 will not be spectacular either with 2,300 new jobs being created at a growth rate of 3.6 percent.

Finance, insurance, and real estate (FIRE) created 500 jobs while growing 7.1 percent in 1990. Activity along the Colorado River, in mountain areas, and in the non-metropolitan counties' larger towns all helped make 1990 a banner year. FIRE should continue to expand in 1991 and 1992 with growth of 5.3 and 5.1 percent (400 jobs) in each respective year.

Transportation, communications, and public utilities grew 2.2 percent (300 jobs) in 1990. Growth in 1991 is expected to average only 0.7 percent (100 jobs). However, a rebound will occur in 1992 with growth at 2.1 percent (300 jobs).

Manufacturing Was a Surprise

Surprisingly, the non-metropolitan counties added manufacturing jobs (200) in 1990 while the metro areas were losing factory jobs. The forecast calls for growth of 1.9 percent (500 jobs) in both 1991 and 1992, up from 1.0 percent last year.

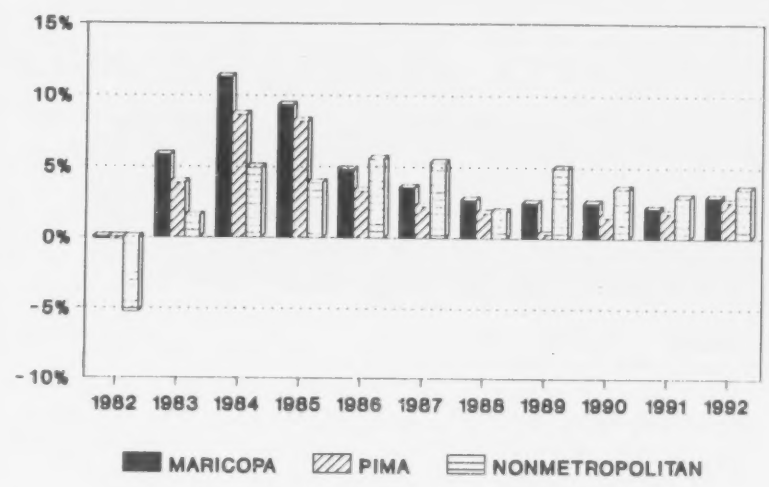
Mining created 100 jobs in 1990. As expansion goals are fulfilled, mining is expected to create 400 jobs in 1991, growing at a rate of 5.3 percent. Growth of 3.0 percent (300 jobs) is expected in 1992.

The only industry in the non-metropolitan counties that experienced declines in 1990 was construction. Construction lost 100 positions, about 1.0 percent. Growth should be positive in 1991 and 1992 — at 1.6 percent (200 jobs) and 3.1 percent (400 jobs), respectively.

Finally, the non-metropolitan counties' unemployment rate is forecast to average 11.1 percent in 1991 and 10.2 percent in 1992, both higher than the 9.7 percent rate for 1990. The distribution of unemployment among the individual counties is expected to remain fairly constant.

—Marc A. Marra
RA Economist

Figure 2. Non-metropolitan Counties Wage and Salary Employment Growth Rates, Actual (1988-1990) and Projected (1991-92)



Source: Arizona Department of Economic Security, Research Administration, Feb. 1991

Table 1. Non-metropolitan Counties Labor Force and Employment Data, Actual (1990) and Projected (1991-92) (Annual Averages, in Thousands)

	1990	Growth Rate	1991	Growth Rate	1992	Growth Rate
Labor Force	1,726.0	1.2%	1,763.2	2.2%	1,801.4	2.2%
Unemployment	92.0	3.4%	107.3	16.6%	101.9	-5.0%
Unemployment rate		5.3%		6.1%		5.7%
Total Employment	1,634.0	1.1%	1,655.9	1.3%	1,699.5	2.6%
Total Wage and Salary Employment	1,490.9	2.5%	1,523.9	2.2%	1,568.6	2.9%
Manufacturing	185.4	-1.5%	186.1	0.4%	188.9	1.5%
Mining	12.4	1.6%	12.9	4.0%	13.4	3.9%
Construction	82.8	-3.5%	81.4	-1.7%	82.2	1.0%
TCPU*	81.9	6.6%	83.1	1.5%	85.1	2.4%
Trade	370.3	1.6%	378.3	2.2%	389.3	2.9%
FIRE**	94.6	2.2%	96.7	2.2%	99.3	2.7%
Services	406.0	4.6%	421.1	3.7%	438.4	4.1%
Government	257.6	4.5%	264.4	2.6%	272.0	2.9%

* TCPU = Transportation, Communications, and Public Utilities.
** FIRE = Finance, Insurance, and Real Estate.

NOTE: Totals may not add due to rounding.

Source: Arizona Department of Economic Security, Research Administration, Feb. 1991

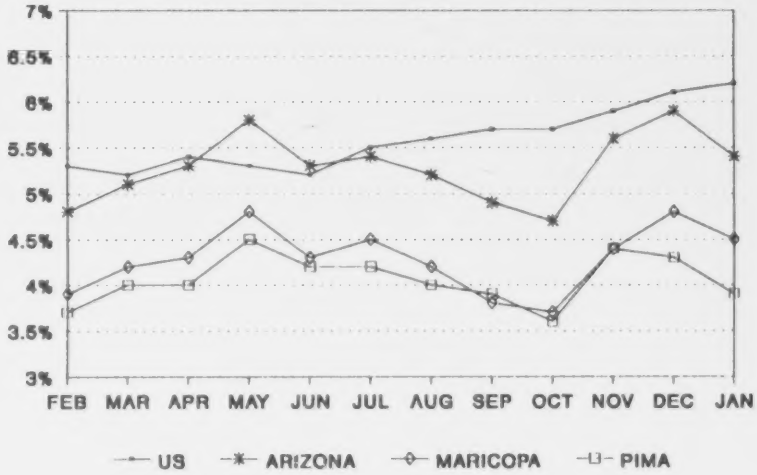
The Arizona Labor Force in January

Arizona's unemployment rate dropped to 5.4 percent, seasonally adjusted, in January from 5.9 percent in December. The improvement in the jobless rate can be attributed to less-than-seasonal, post-Christmas job losses and declining unemployment, from 94,000 in December to 90,700 in January.

January is typically a month of job losses no matter what the status of the business cycle. Arizona's non-farm payroll job losses last month totaled 28,800, an average amount for January in the post-1982 expansion period. The drop might have been greater had not the December 1990 estimate been revised downward 12,700 due to benchmarking.

After revision, over-the-year growth from December 1989 to December 1990 was still a relatively healthy 2.7 percent, or 40,200 non-farm payroll jobs, about the same over-the-year growth rate reported from prebenchmarked estimates. January 1990 to January 1991 over-the-year growth, on the other hand, looks surprisingly healthy, coming in at 3.6 percent, or 52,500 jobs. National growth during the same annual period was only 0.2 percent. Actually, the January-employment change was noteworthy in how average it was, given the national recession and war in the Middle East. It could be argued that mere average January job losses are evidence of an improving local economy.

Figure 1. U.S., Arizona, and Maricopa and Pima Counties Unemployment Rates, February 1990–January 1991



Source: Arizona Department of Economic Security, Research Administration, Feb. 1991

All Major Groups Decline

All major industry groups lost employment last month as they normally do in January. Only construction; transportation, communications, and public utilities (TCPU); and services deviated from the average January change. In round numbers, TCPU and services each had losses about 1,000 greater than average, while construction had losses about 1,000 less than the norm.

TCPU lost 1,400 jobs with the communications and public utilities side of the regulated industry group posting most of the greater-than-seasonal drop. The decline is in line with public announcements of layoffs by major public utilities.

Transportation, Arizona's high-flying industry in 1990, lost a seasonally normal 700. Even after benchmarking, transportation was Arizona's fastest growing sector in 1990 at 8.8 percent, adding 3,900 jobs. Fending off the financial need for job cutbacks may be the challenge for airlines in 1991, given the effect higher aviation fuel prices have had on their profits.

Services employment declined 2,600 in January with most of the losses (1,700) coming in business services. Still, the drop was only one-half the average January decline for business services as retail firms normally pare back advertising services after the holiday media blitz.

Temporary help (from personnel agencies) to get through the holiday rush are also pared back in January. But fewer people were hired preceding the holiday, so fewer were let go after the holiday season. Greater-than-seasonal declines occurred in the health, lodging, and "other" components of services. Over-the-year (December to December) growth in services was a mediocre 4.8 percent, the slowest growth rate for the industry since 1982.

Construction, which on average loses 3,400 jobs in January, dropped only 2,400 this year. Again, the trend is toward a moderation of construction losses. Given the Federal Reserve's efforts in recent months to lower interest rates, some improvement should be evident in portions of the construction industry later this year. Only a prolonged war in the Middle East and consequent buyer uncertainty would delay improvement.

Manufacturing Revised Downward

Manufacturing lost 1,600 jobs last month, an average January amount. More significantly, manufacturing employment levels for December were revised downward to 184,800 from 188,000. Instead of an estimated loss of 500 factory jobs over the year, Arizona, in fact, dropped 5,000 jobs, or 2.6 percent.

A substantial part of this difference came

(Continued on page 16)

Arizona Labor Force and Employment

January 1991 (in Thousands)

	ARIZONA					MARICOPA COUNTY					PIMA COUNTY				
	Jan.* 1991	Dec. 1990	Jan. 1990	Amount Change Dec. - Jan.	Amount Change 1990 - 1991	Jan. 1991	Dec. 1990	Jan. 1990	Amount Change Dec. - Jan.	Amount Change 1990 - 1991	Jan.* 1991	Dec. 1990	Jan. 1990	Amount Change Dec. - Jan.	Amount Change 1990 - 1991
TOTAL CIVILIAN LABOR FORCE**	1728.7	1736.8	1683.9	-8.1	+44.8	1083.2	1077.6	1049.6	+5.6	+33.6	314.7	315.1	306.5	-0.4	+8.2
Total Unemployment	90.7	94.0	77.3	-3.3	+13.4	47.7	48.7	40.7	-1.0	+7.0	12.2	13.0	11.9	-0.8	+0.3
Unemployment Rate	5.2%	5.4%	4.4%	—	—	4.4%	4.4%	3.7%	—	—	3.9%	4.1%	3.7%	—	—
Unemployment Rate (Sea. Adj.)***	5.4%	5.9%	4.7%	—	—	4.5%	4.8%	4.0%	—	—	3.9%	4.3%	3.9%	—	—
Total Employment	1638.0	1642.8	1606.6	-4.8	+31.4	1035.5	1028.9	1009.0	+6.6	+26.5	302.5	302.1	294.6	+0.4	+7.9

Note: Above Labor Force Statistics Should Not Be Used for Economic Assistance Programs.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT BY PLACE OF WORK

TOTAL WAGE AND SALARY	1508.0	1536.8	1455.5	-28.8	+52.5	999.8	1016.6	961.5	-16.8	+38.3	254.4	260.6	250.4	-6.2	+4.0
Manufacturing	183.2	184.8	185.8	-1.6	-2.6	136.2	137.3	138.7	-1.1	-2.5	26.3	26.4	26.8	-0.1	-0.5
Durable Goods	137.4	138.4	140.0	-1.0	-2.6	103.9	104.6	105.8	-0.7	-1.9	20.5	20.6	21.1	-0.1	-0.6
Stone, Clay, and Glass	6.5	6.6	7.1	-0.1	-0.6	3.7	3.9	4.1	-0.2	-0.4					
Primary and Fabricated Metals	14.2	14.3	14.5	-0.1	-0.3	9.6	9.7	9.7	-0.1	-0.1					
Primary Metals	6.2	6.2	6.5	0.0	-0.3										
Fabricated Metals	8.0	8.1	8.0	-0.1	0.0										
Machinery	58.4	58.9	59.5	-0.5	-1.1	48.3	48.6	49.4	-0.3	-1.1					
Aircraft and Missiles	27.1	27.2	26.5	-0.1	+0.6										
Lumber and Wood Products (Excluding Furniture)	6.5	6.5	7.3	0.0	-0.8										
Nondurable Goods	45.8	46.4	45.8	-0.6	0.0	32.3	32.7	32.9	-0.4	-0.6	5.8	5.8	5.7	0.0	+0.1
Food and Kindred Products	10.4	10.4	9.9	0.0	+0.5	7.2	7.1	6.8	+0.1	+0.4					
Printing and Publishing	17.3	17.4	16.7	-0.1	+0.6	12.1	12.2	11.9	-0.1	+0.2					
Mining and Quarrying	12.6	12.6	12.1	0.0	+0.5	0.7	0.7	0.8	0.0	-0.1	2.2	2.3	2.1	-0.1	+0.1
Copper Mining	10.0	10.0	9.5	0.0	+0.5										
Construction	79.1	81.5	79.8	-2.4	-0.7	52.7	54.8	53.5	-2.1	-0.8	14.4	14.4	14.3	0.0	+0.1
Trans., Communications, & Public Utilities	82.3	83.7	80.4	-1.4	+1.9	59.1	60.3	57.0	-1.2	+2.1	9.4	9.6	9.6	-0.2	-0.2
Transportation	47.3	48.0	44.4	-0.7	+2.9	35.8	36.5	33.3	-0.7	+2.5	4.9	5.0	5.0	-0.1	-0.1
Communications and Public Utilities	35.0	35.7	36.0	-0.7	-1.0	23.3	23.8	23.7	-0.5	-0.4	4.5	4.6	4.6	-0.1	-0.1
Trade	380.2	388.9	364.4	-8.7	+15.8	256.3	262.9	244.0	-6.6	+12.3	60.9	62.1	59.7	-1.2	+1.2
Wholesale Trade	77.4	77.7	74.4	-0.3	+3.0	61.9	62.4	59.3	-0.5	+2.6	7.4	7.5	7.7	-0.1	-0.3
Retail Trade	302.8	311.2	290.0	-8.4	+12.8	194.4	200.5	184.7	-6.1	+9.7	53.5	54.6	52.0	-1.1	+1.5
General Merchandise and Apparel	50.6	54.6	47.3	-4.0	+3.3	31.0	33.9	28.3	-2.9	+2.7	8.9	9.7	8.8	-0.8	+0.1
Food Stores	50.4	51.1	48.4	-0.7	+2.0	31.9	32.5	31.0	-0.6	+0.9	8.8	8.7	7.9	+0.1	+0.9
Automotive and Service Stations	34.6	34.7	34.3	-0.1	+0.3	21.4	21.5	21.4	-0.1	0.0	5.5	5.5	5.4	0.0	+0.1
Eating and Drinking Places	106.9	108.0	102.0	-1.1	+4.9	70.0	70.5	65.5	-0.5	+4.5	19.2	19.4	19.2	-0.2	0.0
Finance, Insurance, and Real Estate	95.3	95.8	92.7	-0.5	+2.6	76.1	76.4	73.8	-0.3	+2.3	11.6	11.8	11.7	-0.2	-0.1
Services and Miscellaneous	413.6	416.2	391.0	-2.6	+22.6	281.0	283.2	266.1	-2.2	+14.9	76.4	76.0	71.9	+0.4	+4.5
Hotels and Lodging Places	44.2	44.5	40.9	-0.3	+3.3	28.3	28.2	25.8	+0.1	+2.5	6.5	6.5	6.1	0.0	+0.4
Business Services	79.0	80.7	75.5	-1.7	+3.5	63.3	65.0	61.3	-1.7	+2.0	11.3	11.1	10.0	+0.2	+1.3
Health Services	103.4	103.7	98.4	-0.3	+5.0	66.7	67.0	63.0	-0.3	+3.7	22.8	22.7	22.1	+0.1	+0.7
Government	261.7	273.3	249.3	-11.6	+12.4	137.7	141.0	127.6	-3.3	+10.1	53.2	58.0	54.3	-4.8	-1.1
Federal	45.8	45.8	45.0	0.0	+0.8										

* Preliminary

** Labor force, unemployment, and employment are reported by place of residence.

*** Normal seasonal variations have been eliminated to reflect underlying economic trends.

**** Business Services undergoes a series break between December 1987 and January 1988 as a result of the 1987 SIC realignment.

Note: Presented by the Arizona Department of Economic Security, Research Administration, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Non-metropolitan Counties
Labor Force and Employment
January 1991

	Apache	Cochise	Coco-nino	Gila	Graham	Green-lee	La Paz
CIVILIAN LABOR FORCE*	14,825	29,350	44,000	12,875	8,050	3,200	5,350
Total Unemployment	2,250	2,600	3,475	1,225	600	250	425
Rate	15.2%	8.9%	7.9%	9.5%	7.5%	7.8%	7.9%
Rate (Seas. Adj.)**	15.6%	8.3%	7.0%	8.9%	7.5%	8.3%	7.3%
Total Employment	12,575	26,750	40,525	11,650	7,450	2,950	4,925
THE ABOVE LABOR FORCE STATISTICS SHOULD NOT BE USED FOR ECONOMIC ASSISTANCE PROGRAMS							
TOTAL WAGE AND SALARY	14,550	26,400	40,475	11,150	5,125	3,125	3,975
Manufacturing	500	1,325	3,300	1,400	200	25	275
Mining & Quarrying	50	100	150	1,325	0	1,825	75
Construction	300	875	1,425	575	175	150	250
T.C.P.U.	1,825	1,650	2,425	475	150	50	125
Trade	1,450	5,550	9,625	2,350	1,550	300	1,350
F.I.R.E.	500	675	850	325	125	25	125
Services & Misc.	4,550	5,075	10,425	2,225	825	175	875
Government	5,375	11,150	12,275	2,475	2,100	575	900

	Mohave	Navajo	Pinal	Santa Cruz	Yavapai	Yuma
CIVILIAN LABOR FORCE*	38,700	28,925	37,100	12,200	41,450	54,825
Total Unemployment	2,700	3,375	3,000	1,425	2,350	7,150
Rate	7.0%	11.7%	8.1%	11.7%	5.7%	13.0%
Rate (Seas. Adj.)**	6.6%	11.4%	8.6%	13.3%	5.2%	22.7%
Total Employment	36,000	25,550	34,100	10,775	39,100	47,675
THE ABOVE LABOR FORCE STATISTICS SHOULD NOT BE USED FOR ECONOMIC ASSISTANCE PROGRAMS						
TOTAL WAGE AND SALARY	27,200	21,825	29,975	11,600	28,600	29,900
Manufacturing	2,500	2,050	3,500	1,025	2,325	2,300
Mining & Quarrying	50	1,150	3,875	25	950	50
Construction	2,800	700	700	325	2,400	1,375
T.C.P.U.	1,350	1,575	1,100	775	1,100	1,125
Trade	8,225	4,125	5,700	5,575	7,675	9,600
F.I.R.E.	1,425	450	800	275	1,025	1,075
Services & Misc.	6,550	5,400	4,750	1,800	7,125	6,475
Government	4,300	6,375	9,550	1,800	6,000	7,900

* Adjusted to the Current Population Survey (CPS) to reflect place of residence.

** Seasonal adjustment not applicable for economic assistance programs.

T.C.P.U. = Transportation, Communications, and Public Utilities

F.I.R.E. = Finance, Insurance, and Real Estate

Prepared in conjunction with the U.S. Department of Labor, Bureau of Labor Statistics.

Estimated Hours and Earnings of Production Workers in Selected Industries Arizona

INDUSTRY	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	Jan.* 1991	Dec. 1990	Jan. 1990	Jan.* 1991	Dec. 1990	Jan. 1990	Jan.* 1991	Dec. 1990	Jan. 1990
Manufacturing	420.33	426.94	410.59	40.3	40.7	41.1	10.43	10.49	9.99
Aircraft & Missiles	658.35	691.01	625.80	46.2	47.2	44.7	14.25	14.64	14.00
Food & Kindred Prod.	343.68	356.33	336.40	38.4	39.2	38.8	8.95	9.09	8.67
Primary Metals	491.40	494.54	479.18	37.8	37.1	38.0	13.00	13.33	12.61
Machinery	391.24	390.26	364.62	39.4	39.5	38.1	9.93	9.88	9.57
Copper Mining	644.44	625.65	599.38	44.2	43.0	44.3	14.58	14.55	13.53
Construction	437.04	436.73	424.63	37.1	37.2	36.2	11.78	11.74	11.73
Utilities	775.67	752.58	721.15	44.4	44.4	42.9	17.47	16.95	16.81
Retail Trade**	247.10	255.99	251.29	31.2	32.2	32.3	7.92	7.95	7.78
Wholesale Trade	394.16	403.37	370.56	37.9	39.2	38.4	10.40	10.29	9.65

Estimated Hours and Earnings of Production Workers in Selected Industries Maricopa County

INDUSTRY	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	Jan.* 1991	Dec. 1990	Jan. 1990	Jan.* 1991	Dec. 1990	Jan. 1990	Jan.* 1991	Dec. 1990	Jan. 1990
Manufacturing	443.77	458.81	426.01	40.9	41.9	41.2	10.85	10.95	10.34
Construction	462.38	465.35	449.94	37.9	38.3	36.7	12.20	12.15	12.26
Retail Trade**	266.98	270.43	264.80	32.4	32.7	33.1	8.24	8.27	8.00
Wholesale Trade	426.72	434.66	388.36	38.1	39.3	38.3	11.20	11.06	10.14

Estimated Hours and Earnings of Production Workers in Selected Industries Pima County

INDUSTRY	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	Jan.* 1991	Dec. 1990	Jan. 1990	Jan.* 1991	Dec. 1990	Jan. 1990	Jan.* 1991	Dec. 1990	Jan. 1990
Manufacturing	388.47	406.06	353.87	38.5	39.5	36.9	10.09	10.28	9.59
Construction	388.44	382.05	366.04	35.9	34.7	35.4	10.82	11.01	10.34
Utilities	642.05	620.33	592.06	41.8	41.3	38.9	15.36	15.02	15.22

* Preliminary.

** Excludes eating and drinking places.

Note: These estimates are based on a sample of full- and part-time production and related employees whose payroll and hours are reported for the pay period which includes the 12th of the month. Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Arizona Labor Force and Employment for Economic Assistance Programs January 1991

County	Civilian Labor Force	Employment	Unemployment	Rate
Statewide	1,728,747	1,638,027	90,720	5.2%
Apache	14,820	12,570	2,250	15.2
Cochise	29,338	26,738	2,600	8.9
Coconino	44,012	40,526	3,486	7.9
Gila	12,869	11,656	1,213	9.4
Graham	8,034	7,441	593	7.4
Greenlee	3,216	2,960	256	8.0
La Paz	5,352	4,931	421	7.9
Maricopa	1,083,168	1,035,459	47,709	4.4
Mohave	38,702	36,006	2,696	7.0
Navajo	28,932	25,550	3,382	11.7
Pima	314,704	302,538	12,166	3.9
Pinal	37,114	34,105	3,009	8.1
Santa Cruz	12,198	10,767	1,431	11.7
Yavapai	41,468	39,109	2,359	5.7
Yuma	54,834	47,673	7,161	13.1

These figures are the only official BLS labor statistics to be used for revenue sharing purposes. They are not designed to be used as economic indicators.

NOTE: Series for Yuma and La Paz counties start January 1983. Data are not comparable to any past series.

Labor Force

(Continued from page 11)

from the construction-related sectors of stone, clay, and glass; and lumber and wood products. Employment levels in primary-metals manufacturing were also revised downward, dropping 1,700 to a level of 6,200 in December 1990. Coupled with a downward revision of 500 for December 1989, over-the-year jobs losses in the primary-metals sector amounted to 1,000.

Trade normally loses more jobs than any other industry in January, except government. Trade, after all, hires more part-time help during the Christmas season than any other industry. This year was no exception.

Trade lost 8,700 jobs last month, equaling the post-1982 recession average. But just as manufacturing employment levels for 1989 and 1990 were revised downward, so were trade levels. Trade employment for December 1990 was lowered to 388,900 from 396,800, reducing over-the-year job growth to 10,100 from 11,000. The consequent 2.7 percent gain over the year about equaled growth in 1988, an expansionary but weak growth year.

Government lost more jobs in January (11,600) than any other industry. But winter-recess losses are normal and the amount lost was average. School employment levels should return to normal levels in the next two months. Government employment growth for the year ending in December was 4.8 percent, or 12,500 jobs.

—Ron Simon
RA Economic Analysis Manager

Arizona

(Continued from page 4)

ernments attempt to overcome their budgetary problems. Government is forecast to create 6,800 new jobs and grow at a rate of 2.6 percent in 1991. The outlook is expected to be better for 1992 with 7,600 jobs being created and growth pegged at 2.9 percent.

Finance, insurance, and real estate (FIRE) rebounded in 1990 after two years on the downside. FIRE is forecast to hold its own in the near term as additions in credit-card servicing and mortgage-refinance businesses will more than offset possible losses in general banking and saving and loans. FIRE is expected to create 2,100 jobs in 1991, growing at a rate of 2.2 percent, about the same as in 1990. In 1992, growth should accelerate to 2.7 percent (2,600 jobs).

TCPU had a banner year in 1990 with the addition of 5,100 jobs and growth averaging 6.6 percent. Expansion among air carriers was responsible for a large portion of these gains. The forecast for 1991 calls for a sizable slowdown in TCPU growth to 1.5 percent with the addition of only 1,200 jobs. Growth is expected to pick up to 2.4 percent in 1992 (2,000 jobs). This forecast takes into consideration the problems air carriers are experiencing nationwide as well as restructuring related to Arizona's electricity-generating public utilities.

Table 1. Arizona Labor Force and Employment Data, Actual (1990) and Projected (1991-92) (Annual Averages, In Thousands)

	1990	Growth Rate	1991	Growth Rate	1992	Growth Rate
Labor Force	1,726.0	1.2%	1,763.2	2.2%	1,801.4	2.2%
Unemployment	92.0	3.4%	107.3	16.6%	101.9	-5.0%
Unemployment rate		5.3%		6.1%		5.7%
Total Employment	1,634.0	1.1%	1,655.9	1.3%	1,699.5	2.6%
Total Wage and Salary Employment	1,490.9	2.5%	1,523.9	2.2%	1,568.6	2.9%
Manufacturing	185.4	-1.5%	186.1	0.4%	188.9	1.5%
Mining	12.4	1.6%	12.9	4.0%	13.4	3.9%
Construction	82.8	-3.5%	81.4	-1.7%	82.2	1.0%
TCPU*	81.9	6.6%	83.1	1.5%	85.1	2.4%
Trade	370.3	1.6%	378.3	2.2%	389.3	2.9%
FIRE**	94.6	2.2%	96.7	2.2%	99.3	2.7%
Services	406.0	4.6%	421.1	3.7%	436.4	4.1%
Government	257.6	4.5%	264.4	2.6%	272.0	2.9%

* TCPU = Transportation, Communications, and Public Utilities.
** FIRE = Finance, Insurance, and Real Estate.

NOTE: Totals may not add due to rounding.

Source: Arizona Department of Economic Security, Research Administration, Feb. 1991

Manufacturing to Pick Up Slightly

Manufacturing lost ground in 1990, declining 1.5 percent, or 2,800 jobs. In line with national trends, the durable-goods sector — especially lumber and wood, aggregates, primary metals, and machinery — was the hardest hit. However, non-durable goods also had a poor showing. In 1991, manufacturing is expected to remain fairly stable with 700 jobs being created, or growth of only 0.4 percent. Growth is forecast to accelerate in 1992 to 1.5 percent with the addition of 2,800 jobs.

The construction industry still remains plagued by structural problems that are not expected to be remedied any time soon. A decline of 3.5 percent in 1990 represented a fourth-straight year of losses that now total more than 30,000 jobs.

Although Arizona's population is expanding and interest rates have recently taken favorable swings, these factors are not enough to offset oversupply conditions that exist in almost all sectors of real estate. A contraction in construction employment of 1.7 percent, or a loss of 1,400 jobs, is forecast for 1991. Nominal expansion of 1.0 percent or 800 jobs is expected in 1992.

The mining industry continued to create jobs in 1990. Stable copper prices are expected to ensure expansion in the near term with growth estimated at about 4.0 percent (500 additional jobs) in both 1991 and 1992.

Finally, Arizona's unemployment rate in 1991 is forecast to creep up to levels experienced between 1985 and 1988, but then moderate somewhat in 1992. The forecast calls for generally higher unemployment levels and slower labor force growth with the unemployment rate averaging 6.1 and 5.7 percent in 1991 and 1992, respectively. The unemployment rate averaged 5.3 percent this past year.

Overall, Arizona's outlook ove. the next two years remains positive. Despite the effects of a national recession, Arizona's economy should continue to expand, albeit slowly. However, further negative shocks to an already weak U.S. economy may very well portend tough times ahead.

—Marc A. Marra
RA Economist

Many Noteworthy Items in Substate Census Totals

It's "official," but not "final." A little more than a year after the 1990 U.S. Census began in earnest, most of the "official" tabulations have been completed. The tedious and time-consuming door-to-door and "Were you Counted?" campaigns, as well as the Post-Census Local Review process — where local governments had a chance to challenge census counts — are now only faded memories.

But a lawsuit filed by cities (including Phoenix) claiming they were undercounted will allow the Census Bureau to make one final adjustment in mid-July, if a post-enumeration survey indicates there were undercounts. Linda Strock, head of DES, Research Administration's Population Statistics Unit, believes it would be difficult, however, for the Census Bureau to make adjustments to the smallest level of geography required — 7 million blocks nationwide. (Strock's unit prepares yearly population estimates and projections for Arizona and its counties and incorporated places, as well as oversees the State Data Center, which acts as a clearinghouse for census products.)

Probably the most talked-about 1990 Census statistic from Arizona's perspective was the state's resident-based population growth, jumping from 2.72 million in 1980 to 3.67 million in 1990. Not surprisingly, Arizona was the third-fastest growing state (behind Nevada, 50.7 percent; and Alaska, 37.4 percent) during the last decade, at 35.3 percent, and ranked fifth in total number of people added with a total of about 950,000.

The substantial population increase will benefit the state both economically and politically. Arizona will pick up additional dollars from various federal programs that are funded based on population and one additional seat in the U.S. House of Representatives (the state fell about 100,000 short of picking up a second congressional seat).

Although the growth of Arizona as a whole is headline news, on first glance there are many items of note from the census data at the substate level. Among these are:

- the city of Gilbert growing the fastest of all incorporated places — at more than 410 percent — and having the

Table 1. Population Totals from U.S. Census for Arizona Counties, and by Numerical and Percentage Increase for Arizona Places, 1980-1990[1]

State and Counties, Percentage and Numerical Increases

Places	1990	1980	Num. Change	Pct. Change
Arizona	3,665,228	2,716,546	948,682	34.92%
Apache	61,591	52,108	9,483	18.2%
Cochise	97,624	85,686	11,938	13.9
Coconino	96,591	75,008	21,583	28.8
Gila	40,216	37,080	3,136	8.5
Graham	26,554	22,862	3,692	16.2
Greenlee	8,008	11,406	-3,398	-29.8
La Paz	13,844	12,557	1,287	10.3
Maricopa	2,122,101	1,509,175	612,926	40.6
Mohave	93,497	55,865	37,632	67.4
Navajo	77,658	67,629	10,029	14.8
Pima	666,880	531,443	135,437	25.5
Pinal	116,379	90,918	25,461	28.0
Santa Cruz	29,676	20,459	9,217	45.1
Yavapai	107,714	68,145	39,569	58.1
Yuma	106,895	76,205	30,690	40.3

Top 10 Places by Percentage Increase

Places	1990	1980	Pct. Change
Gilbert	29,188	5,717	410.6%
Oro Valley	6,670	1,489	348.0
Peoria	50,618	12,171	315.9
Prescott Valley	8,858	2,284	287.8
Fountain Hills	10,030	2,771	262.0
Chandler	90,533	29,673	205.1
Goodyear	6,258	2,747	127.8
Florence	7,510	3,391	121.5
San Luis	4,212	1,946	116.4
Bullhead City	21,951	10,710	104.8

Top 10 Places by Numerical Increase

Places	1990	1980	Num. Change
Phoenix	983,403	789,704	193,699
Mesa	288,091	152,404	135,687
Tucson	405,390	330,537	74,853
Chandler	90,533	29,673	60,860
Glendale	148,134	97,172	50,962
Scottsdale	130,069	88,622	41,447
Tempe	141,865	106,920	34,945
Gilbert	29,188	5,717	23,471
Yuma	54,923	42,481	12,442
Bullhead City	21,951	10,719	11,232

1. Resident-Based Population. Does not include population overseas.

Source: U.S. Department of Commerce, Bureau of the Census, Jan. 1991

Martin Expected to Continue Number of Dole's Initiatives

Following are brief summaries of news stories compiled from a variety of sources relating to labor issues affecting the nation and Arizona.

NEWS IN BRIEF

With the recent confirmation of Lynn Martin as Secretary of Labor, the inevitable questions arise as to whether the former Illinois congresswoman will continue on with some of the programs started by former Secretary Elizabeth Dole or will Martin have an entirely different agenda. Two programs Martin is likely to continue, says *The Washington Post*, are the "glass ceiling" initiative, "designed to break the barriers to top corporate management for women and minorities," and the stepped-up enforcement of child labor laws. Last year, the Department of Labor (DOL) conducted a series of raids on fast-food restaurants and other businesses that hire young workers.

Two other areas Dole had initiated programs that Martin will inherit concern pensions and occupational safety. The DOL has increased enforcement of federal pension laws and is currently studying ways to make pensions portable so workers can avoid losing retirement credits as they go from one job to another. (People who enter the work force today are expected to change jobs six times in their lifetime.) As for worker safety, while under the Bush administration, DOL has greatly increased its activity under the Occupational Safety and Health Administration (OSHA). Major enforcement programs have been started in the meatpacking and petrochemical industries.

Martin will also have to face the legislative agenda of organized labor, which is expected to seek reform of OSHA with tougher criminal penalties for violators. Unions are also expected to ask for increases in the federal minimum wage, which will be increasing from $3.80 to $4.25 an hour on April 1. Another area labor will make a major push will be for family and medical leave. Martin voted for a controversial bill last year that would have required employers to provide unpaid leave to workers who care for an infant or a sick family member, but the legislation died after Congress failed to override President Bush's veto of the bill.

BLS Adds, Expands Data-Collection Programs

Despite a 2.4 percent cut in its fiscal year 1991 budget, the DOL's Bureau of Labor Statistics (BLS) is funding two new programs that are expected to improve data-collection and analysis of labor market information. In addition, BLS is working with the Department of Defense to measure the impact of reduced military expenditures and is expanding coverage of the Occupational Employment Statistics (OES) survey.

One of the new programs is the Foreign Direct Investment Project, which will allow BLS to access selected foreign enterprise data collected by the Commerce Department's Bureau of Economic Analysis (BEA). Foreign direct investment has become an impor-

eighth-largest numerical increase (23,471). Gilbert also now ranks No. 8 in overall population among Arizona places, up from 29 a decade ago.

- Greenlee County, in southeast Arizona, being the only county to lose population (-3,398, or -29.8 percent). The shutting down of mines in Morenci and Clifton probably accounted for the migration out of Greenlee County.

- Bullhead City, boosted by the hotel/gambling boom in Laughlin, Nev., having the 10th-largest percentage (104.8 percent) and numerical (11,232) increases. Although these gains were significant, some might have thought Bullhead City's count (21,951) would have been higher for two reasons: the number of hotel rooms in Laughlin increased from about 500 in 1980 to nearly 10,000 by last year, and about 75 percent of the casino workers live on the Arizona side of the Colorado River.

- almost all of Arizona's Indian tribes had sizable population increases, despite high unemployment on the reservations. The Papago reservation had the largest percentage jump (329 percent), while the Arizona portion of the Navajo reservation had the greatest numerical increase (14,890).

As a general rule, population totals for metropolitan areas and counties came in about as expected, says Strock, although "some of the rural areas didn't think they got a good count."

Part of the problem may have been that rural areas were sensing population growth that in reality was a seasonal bulge (e.g., desert dwellers living in northern counties in the summer). "Seasonal population may have been a factor in their perception," Strock says.

On a positive note, Strock says "local governments took an active role in the local-review process, promptly providing information that was requested," which helped in getting accurate counts.

And now that the tedious process of compiling decennial data is nearly behind us, the fruits of our labor — hundreds of census products on a variety of media (printed reports, CD-ROM, tape) — are not far behind. First up will be legislative and congressional redistricting data, Public Law 94-171 counts, which are expected to be available April 1.

—Brent Fine
Arizona LMI Newsletter Editor

For a complete list of 1990 population counts and information on census products, call the Population Statistics Unit at 542-5984.

Regional Unemployment Rates Came Closer Together in '90

BLS REPORTS

Following are summaries of recently issued reports by the U.S. Department of Labor's Bureau of Labor Statistics (BLS). Additional information on these reports can be obtained by contacting the public affairs office of the Labor Department in Washington D.C.

Annual average unemployment rates were higher in 1990 than in 1989 for 27 states and the District of Columbia, according to estimates releasedby BLS in mid-February. Rates decreased over the year in 20 states and were unchanged in three states. Nationally, the civilian worker unemployment rate rose from an average of 5.3 percent in 1989 to 5.5 percent last year, reversing the steady decline which had been evident from 1983 through 1989.

The convergence of regional and division unemployment rates toward the national average continued in 1990. Unemployment rates among the four major regions were in a very narrow range in 1990 — from 5.3 percent in the Northeast to 5.6 percent in both the South and Midwest. In contrast, the 1989 rates ranged from 4.5 percent in the Northeast to 5.7 percent in the South; in 1988, the range was even wider — from 4.0 percent in the Northeast to 6.1 percent in the South.

The narrowing range of regional unemployment rates toward the national average reflected marked movements among the states. In 1990, 24 states had unemployment rates between 5.0 and 6.0 percent. In 1988, when the national average was also 5.5 percent, only 15 states were in the same narrow band. Last year, only three states — West Virginia, Mississippi, and Michigan — had unemployment rates of 7.0 percent or higher, whereas, in 1988, 11 states had rates that high.

Work Stoppages Dropped Last Year

After an increase in 1989, major work stoppages in the United States declined in 1990. Measures of work stoppage activity — number of stoppages (45), workers involved (202,000), and idleness (6.6 million days, or two days out of every 10,000 available work days) — were the second or third lowest recorded in the Bureau's series and approached the record lows in 1988. The work stoppage series, which dates back to 1947, covers strikes and lockouts involving 1,000 workers or more that lasted at least one shift.

The term "work stoppage" includes worker-initiated strikes, as well as lockouts of workers by their employers. BLS does not attempt to distinguish between strikes and lockouts in its statistics.

Union Membership Remained Stable in '90

An estimated 16.7 million wage and salary employees in the United States were union members in 1990. The number of union members has remained near 17 million since 1985.

Union membership stood at 16.1 percent of employment last year, down from 16.4 percent in 1989, continuing the downward trend that began in the early 1960s.

In 1990, the distribution of union members by industry and occupation and by age, race, sex, and Hispanic origin was similar to 1989. There were 10.3 million union members in private industry and 6.5 million in government in 1990. In the private sector, the industry group with the most union members was manufacturing (4.2 million), followed by transportation and public utilities (1.9 million), services (1.4 million), wholesale and retail trade (1.3 million), and construction (1.1 million). Each of the other industries had fewer than 175,000 union members.

Union members constituted 37 percent of employment in government (federal, state, and local), compared with 12 percent in private industry. Among major private industry groups, transportation and public utilities had the highest union proportion, 32 percent.

---

tant economic and national security issue in recent years because a number of available statistics show that the share of U.S. assets, employment, and production help by subsidiaries of foreign companies has grown dramatically since 1977. The project will link the BLS universe of establishments with employees covered by unemployment insurance (UI) laws and the BEA list of foreign-owned establishments with identification and characteristics information. The file of matched establishments will be used to develop tables of industry employment and occupational totals with ES-202 (UI) and OES data.

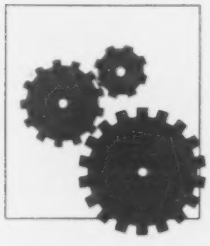
Meanwhile, BLS expects to improve the accuracy and timeliness of data collection in the Current Employment Statistics (CES) program through the use of automated telephone collection methods. BLS is expected to begin implementation methods, such as CATI and Touchtone Data Entry and Voice Recognition, in at least 20 states (not in Arizona) during FY 1991. Also in the CES program, BLS has started a project to collect and analyze employment and unemployment data relating to defense spending cuts. In addition, Local Area Unemployment Statistics (LAUS) data will be used to identify geographic areas affected by military base closings and defense procurement cutbacks.

Finally, 16 states (not Arizona) will be collecting wage/salary data with their OES survey of non-manufacturing industries in 1991. The standard OES survey will be modified to include spaces for reporting employment for each occupation in 11 distinct wage/salary ranges. The new data will allow for valid comparison of occupational wage data across states and industries, which will help organizations involved in planning and delivering services for the Job Training Partnership Act and Carl Perkins Vocational Educational Act.

"New Developments" is featured each month as a service to our readers. This section is a compilation of public announcements and articles from newspapers and periodicals about events significant to Arizona labor markets. Due to space limitations, however, an exhaustive list of business news is not possible. In addition, the Arizona LMI Newsletter is not responsible for incorrect information reported by these sources.

NEW DEVELOPMENTS

MANUFACTURING — **SGS Thomson Microelectronics**, a manufacturer of computer memory chips, is **moving its North American marketing operations from Phoenix** to Dallas. SGS, based in Paris and Milan, Italy, says it will give some of its 140 Phoenix employees the opportunity to move to Dallas or other regional sales offices. SGS built a 280,000-square-foot manufacturing facility at 10th Street and Bell Road in 1985, but never used it because of falling chip prices.



Tempe-based **ASM Lithography**, meanwhile, is in the chips, so to speak, after International Business Machines (IBM) agreed to a **multi-million dollar purchase of semiconductor equipment from ASM**. A world leader in in-line photolithography, ASM will begin delivering this spring a portion of a "multiple-system order" of PAS 5500 widefield, i-line wafer steppers, which cost about $2 million a piece. ASM, started in 1984 by two Netherlands companies, employs 600 people around the world.

Intel Corp. plans to build a **160,000-square-foot office and warehouse facility in Chandler**, its fifth in the East Valley city. Part of the two-story building, which will be operational by summer of 1992, will be used as a North American distribution center for Intel's semiconductor products, while the rest will house administrative and engineering employees. Eight hundred people, including 300 to 500 new workers, will use the facility. Intel currently employs 2,900 workers in Chandler and 350 in Deer Valley.

Special Devices Inc. has begun work on a **30,000-square-foot plant in Mesa** that will manufacture explosive devices used to inflate automobile air bags. Special Devices, based in Newhall, Calif., is one of several companies that are locating near TRW Inc.'s air-bag manufacturing facilities in Mesa. Special Devices is expected to employ about 150.

A Japanese manufacturer of semiconductor components, **NIMTEC Inc.**, is building a **35,000-square-foot plant in Chandler**. When NIMTEC opens the facility in September, 15 employees will be hired to work in the plant's machine shop and manufacturing and shipping areas. An additional 15 to 25 workers are expected to be hired later.

Garrett Engine Division, which designs and builds engines for business and commuter aircraft, will **lay off 170 workers in its engineering programs** by the end of March due to a slowdown in the airline industry. Garrett Engine, along with Garrett Auxiliary Power and Garrett Fluid Systems, is the third Garrett division to have cutbacks this year. All are subsidiaries of Allied-Signal Aerospace Co, which employs 4,500 people in Phoenix. Ironically, Garrett Airline Services Division, which repairs and overhauls engines, recently opened a new repair and maintenance facility near Phoenix Sky Harbor International Airport and is in the middle of expanding its work force (see *Arizona LMI Newsletter*, February 1991).

Chicago-based **Griffith Microscience Inc.** plans to build a **$5 million plant in Yuma** that will sterilize medical equipment. No details about employment at the plant, expected to open in November, are available.

Expansion at two plants of **Honeywell's Commercial Flight Systems Group** has led to the **hiring of 60 employees** this year and will probably lead to an **additional few hundred employees by year-end**. Most of the new workers will be engineers. The Commercial Flight Systems Group, which has about 5,800 employees in the Phoenix area, designs and produces aviation systems for a variety of commercial and private aircraft. Meanwhile, consolidation of Honeywell's Industrial Automotive and Control Division, headquartered in Phoenix, is expected to mean expansion of the Phoenix operations. Honeywell plans to create a field-instrument business center, which will manufacture transmitters for industrial automation systems, through expansion of its existing facilities in Phoenix or the construction of a new building. No information is available on how the move would affect the Honeywell division's employment in the Valley, currently around 1,500.

North Star Steel Co. of Minneapolis is **looking at three areas in Arizona** as possible sites for a "mini" steel mill. Last year, Birmingham Steel Co. said it would build a mini mill 50 miles west of Phoenix near the Palo Verde Nuclear Generating Station. Birmingham is halfway through a testing process to apply for a construction permit. Several officials say there is only enough scrap metal and electrical capacity for one steel mill in Arizona.

AiResearch is **laying off 125 employees**, 10 percent of its work force, at its Tucson division due to the cancellation of a military jet program and cutbacks in the commercial airline industry. AiResearch manufactured parts for the A-12 military attack plane, which was recently canceled, and makes cabin pressure control devices for commercial jets. The layoffs will affect positions across the board and will reduce the company's work force to about 1,200.

EF Data Inc. has started construction on a **38,000-square-foot building in Tempe**, 2105 W. Fifth Place, that will be used for administrative offices as well as manufacturing, research and development, and distribution operations. EF Data, which makes modems used for satellite communications, employs 175, but expects to see that number grow in a short period. EF Data is a

subsidiary of California Microwave Inc.

CONSTRUCTION — At least **eight medical office buildings** are planned for the **Phoenix metropolitan area in 1991**. Sun Health Properties Inc. is expected to build sometime during the year the largest of the buildings, a three-story, 60,000-square-foot structure on the campus of Walter O. Boswell Hospital in Sun City, 103rd Avenue and Thunderbird Road. Across the street from Boswell, Jeremar Corp. of Scottsdale is planning an 8,000-square-foot office building, with construction scheduled to get under way in June. PMH Health Resources Inc., parent company of Phoenix Memorial Hospital (PMH), has two projects planned. Both are 25,000-square-foot structures and scheduled for construction in July; one, next to PMH, 7th Avenue and Buckeye Road, will be called 1001 Professional Office Building; the other will be on PMH Health Resources' planned medical campus in Goodyear. Another project on the books is a 38,000-square-foot medical building near the Jesse Owens Memorial Medical Center (3rd Street and Baseline Road), to be built by Memorial Family Health Center beginning in June. Unified Professional Services Inc. of Phoenix and Des Moines, Iowa-based Weitz Construction Co. were scheduled to begin work in March on a 32,000-square-foot building on the campus of Arrowhead Community Hospital and Medical Center, 67th Avenue and Union Hills Drive. Finally, two projects planned in the East Valley include a 30,000-square-foot medical structure on the campus of Scottsdale Memorial Hospital-North, near 92nd Street and Shea Boulevard, and a 10,500-square-foot building in Chandler at Evergreen Street and Chandler Boulevard. Construction on the former was set to begin in March, while no timetable has been set for the Chandler project.

Phoenix-based **Gosnell Builders** is **planning its first major single-family housing development** in the Phoenix area. Work is expected to begin by the middle of this year on the **Pointe Mountainside Golf Community**, which will include 506 single-family homes near The Pointe at Tapatio Cliffs, 7th Street and Thunderbird Road. In related news, Gosnell says it is not planning to move its corporate headquarters out of Phoenix in the foreseeable future. Gosnell, which is working on several projects in California and other western states, is one of the largest private employers in Phoenix with 4,000 workers.

Continental Homes and **UDC Homes** were the **leading new-home sellers in the Valley** in 1990 with sales of 1,238 and 1,203 houses, respectively. Other top home sellers included: Del Webb, 568; Pulte Homes, 519; Blandford Homes, 424; Lennar Homes, 352; Emerald Homes, 344; General Homes, 317; Watt Hancock Homes, 310; and Ryland Homes, 280.

A slowdown in the economy and financing problems have at least **temporarily halted two construction projects in Laughlin, Nev.**, the booming gambling community across the Colorado River from Bullhead City. **The Golden Nugget Corp.** has put on hold plans for a 300-room expansion of its Laughlin hotel, citing a weakened economy and the recent increase in rooms in the Nevada town. Meanwhile, **Orion Land Development Co.** may lose its valuable water and sewer permits for the **unfinished Emerald River resort** unless it is able to find new financing for the project. Construction was stopped in September on the $1 billion, 1,100-room hotel-casino and shopping complex when the developer ran out of money. Orion filed for bankruptcy protection in January.

TRADE — Fallout from the Valley's grocery store wars is becoming visible. **ABCO Markets Inc.**, which operates 53 stores in the Phoenix metropolitan area and 77 statewide, received a **$27 million infusion of credit** in early February from food wholesaler Fleming Cos. of Oklahoma City, averting a possible default on ABCO's $62 million in subordinated debt. ABCO, which became highly leveraged when it took over 38 Lucky stores in 1988, has lost money the past five years. Fleming Cos. is also reported to be involved in the **acquisition of Smitty's Super Value Inc.** — which operates more than **30 Smitty's** food stores in the Valley — by Mesa-based **Mega Foods. Inc.**

One of the recent supermarket newcomers to the Valley, **Albertson's**, continues its expansion ways. After opening three locations in January (see *Arizona LMI Newsletter*, February 1991) the Boise, Idaho-based chain announced it would build a **63,000-square-foot store** at 19th and Northern avenues as part of a 119,000-square foot retail center. Albertson's, which employs about 1,000 workers at its eight Valley stores, is also building new locations in Scottsdale (Thomas and Scottsdale roads) and Chandler (Alma School and Ray roads).

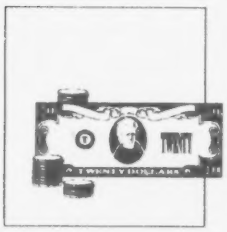
SERVICES — **Consolidation of operations by CIGNA Employee Benefits Cos.** is expected to bring an **additional 160 jobs** to the health-care provider's Western-region operation in Phoenix. CIGNA is transferring underwriting and administrative positions to Phoenix from offices in Hartford, Conn.; Elgin, Ill.; and Anaheim, Calif. CIGNA, which currently employs 25 at its Western Headquarters' offices at 5353 N. 16th Street, is expected to move into expanded quarters at Anchor Center I, 22nd Street and Camelback Road.

Anyone looking for work in the restaurant industry shouldn't have trouble finding employment in the metro Phoenix in 1991. **Low- to mid-priced eateries** featuring about every type of available fare are expected to **open between 75 and 100 locations this year**. Among national or regional chains planning locations are: Applebees's, Big Boy, Big 4, Black-Eyed Pea, California Pizza Kitchen, Chili's, Country Kitchen, Denny's, Hooters, JB's, Johnny Rockets, Macayo Mexican Restaurants, Olive Garden,

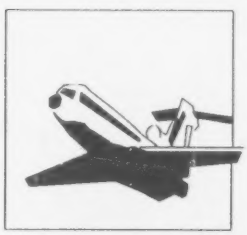
Pail-O-Pasta, Perkins Family Restaurants, Peter Piper Pizza, Red Lobster, Red Robin, Sam's Cafe, and Sbarro (For more information, see Section F of the January 20, 1991, issue of *The Arizona Republic*.)

The Valley is expected to have **two "mega-resorts"** — 1,000 or more rooms — in the near future, putting the Phoenix area on par with other major convention cities. Gosnell Builders of Phoenix is expected to add 360 suites to its **Pointe at South Mountain** resort (bringing its room total to 1,000) and expand its meeting space from 85,000 to 185,000 square feet. Meanwhile, Herberger Enterprises Inc. of Scottsdale and Woodbine Development Corp. of Dallas are seeking zoning approval for a **1,050-room Desert Springs resort**, which would be located west of Scottsdale Municipal Airport.

FINANCE, INSURANCE AND REAL ESTATE — **Bank of America Arizona**, a subsidiary of BankAmerica Corp. of San Francisco, **purchased Pima Savings and Loan of Tucson** in mid-February from the Resolution Trust Corp (RTC). Pima, with 40 branches and $6.4 billion in deposits, is the fourth savings institution Bank of America Arizona has purchased from the RTC, the federal organization charged with liquidating failed thrifts. Last year, Bank of America Arizona acquired Western Savings, MeraBank, and Sun State Savings. Meanwhile, Bank of America Arizona has returned to the Resolution Trust Corp. 16 of 127 bank branches it acquired from its takeover of Western Savings and MeraBank. About two-thirds of 1,100 employees at those institutions, including all 550 branch workers, will be kept on as Bank of America employees.

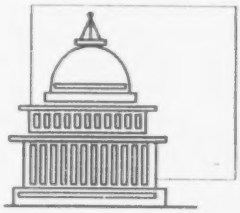


TRANSPORTATION, COMMUNICATIONS, and PUBLIC UTILITIES — While other carriers have been pulling in their flaps of late, **Southwest Airlines** announced in early February expansion plans that will primarily affect the Phoenix area. The Dallas-based carrier plans to **add 200 reservation agents** this year to its Phoenix center that currently employs 350; add 300 flight attendants nationwide, of which 100 will be based in Phoenix; and open in February an expanded reservation center and marketing office near 24th and Jones streets. Previously, Southwest had opened in Phoenix a personnel office (its only one outside of Texas) and a regional training center.



About **40 percent (112 employees)** of those eligible accepted an offer for **early retirement from Salt River Project (SRP)**, the state's second-largest utility says. As a cost-cutting move, SRP announced late last year it wanted to cut 414 jobs through early retirement, layoffs, and not filling vacant positions. SRP, which has about 5,300 workers, is expected to eliminate an additional 150 jobs, probably through layoffs.

GOVERNMENT — The **state's three Air Force bases** are expected to **lose at least 575 jobs** due to Defense Department cuts proposed by President Bush for Federal Fiscal Year 1992, which begins in October. Davis-Monthan Air Force Base in Tucson, which employs about 7,500 military and civilian workers, would feel the cuts the most — losing 200 military and 87 civilian jobs — partly because of the phasing out of OV-10A reconnaissance aircraft that are stationed there. Luke Air Force Base in Glendale is expected to lose 139 military and 69 civilian employees, and Williams Air Force Base in Chandler probably will lose 30 military and 50 civilian jobs.



Because of a sizable bilingual labor pool, **Tucson** has been selected by the **U.S. Census Bureau** as the site for a **computer-assisted, telephone-interviewing center**. Up to 300 jobs (many part-time) are expected to be created by the facility, which will conduct a number of the Bureau's national surveys. Hiring, which will come almost exclusively from the local area, will begin next January. Pay will range from $6.50 an hour for beginning interviewers to $17 an hour for managers.

MISCELLANEOUS — **Economic-development officials** say **three pieces of legislation** they are proposing to the state Legislature will enhance Arizona's business climate and help efforts to bring high-quality companies to the state. One bill being proposed by the Arizona Economic Council would create a specialized job-training program for new and expanding companies, and provide for its funding. Arizona is one of a handful of state's without this type of training program, which could be tailored to a company's needs to ensure a quality labor pool. Another bill, sponsored by the Phoenix Chamber of Commerce, calls for a more stable form of funding for the Commerce and Economic Development Commission, formed by the Legislature in 1989. The commission is currently funded through two lottery scratch games, which have produced $3 million, about half of revenue expected. And a third piece of legislation would create a capital company that would provide another source of capital for new businesses. Persons putting money in a capital company would be given tax credits on their investments.

ARIZONA LMI NEWSLETTER
SITE CODE 733A
P.O. BOX 6123
PHOENIX, AZ 85005-6123
(602) 542-3871
Brent Fine, Editor
Linda Van Calcar, Word Processor

Arizona Labor Market Newsletter
LABOR MARKET INFORMATION PUBLICATIONS
Site Code 733A
P.O. Box 6123
Phoenix, Arizona 85005

OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, $300

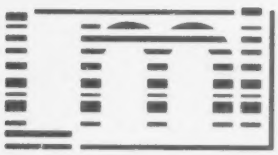
ADDRESS CORRECTION REQUESTED

POSTAGE & FEES PAID
EMPLOYMENT SECURITY MAIL
LAB 449
FIRST CLASS MAIL

USPS
CONGRESSIONAL INF. SERVICE
CHERYL WALDMAN
4520 EAST WEST HIGHWAY
BETHESDA, MARYLAND 20814

If you do NOT desire to continue receiving this publication, please check here ☐ and return this cover to address above.

If your address has changed, please indicate change and return this cover to the address above.



This periodical is issued and printed by the Arizona Department of Economic Security as authorized by the Wagner-Peyser Act and is paid out of federal funds granted by the U.S. Department of Labor.

Reproduction of this publication for commercial use is prohibited by Section 39-121, Arizona Revised Statutes. Permission to reprint this publication, or parts of it, for nonprofit use may be granted upon written request, if credit will be given citing this publication and the Arizona Department of Economic Security.